

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 IO-13 ISO-00 OIC-02 AF-10 ARA-10
EA-10 EUR-12 NEA-10 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-11 DOEE-00 SSO-00 /159 W
-----105782 141948Z/41

P 141734Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 7191

INFO AMEMBASSY PANAMA

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 03965

USMTN

ACTION STR

STR PASS CODEL

EO 11652:N/A

TAGS: MTN, ETRD, PN

SUBJECT: MTN: CONSULTATIONS WITH PANAMANIAN DELEGATION ON

- US OFFERS

REF: (A) STATE 024987 (B) 031614

1. SUMMARY: US MTN DEL HAS MET WITH PANAMANIAN GENEVA
REPRESENTATIVE TO EXPLAIN IMPORTANCE OF US MTN OFFERS TO
PANAMA AND TO NOTE THAT MAINTENANCE OF US OFFERS DEPENDS
UPON CONTRIBUTIONS FROM PRINCIPAL BENEFICIARIES.
PANAMANIAN DEL EXPRESSED APPRECIATION FOR CONSULTATION AND
NOTED THAT HE HAD SENT OFFERS AND SUGGESTED CONTRIBUTIONS
TO PANAMA, BUT HAD RECEIVED NO INSTRUCTIONS. END SUMMARY.
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2. USMTN DEL (KNEPPER) MET WITH PANAMANIAN GENEVA DEL
(AMB. VILLAMONTE RAMOS) FRIDAY MARCH 10 TO EXPLAIN US
OFFER ON AGRICULTURAL AND INDUSTRIAL TARIFFS AND NON-
TARIFF MEASURES. US MTN DEL PROVIDED A BRIEF OVERVIEW OF
HOW THE US TARIFF OFFER COULD AFFECT DUTIABLE PANAMANIAN
EXPORTS TO THE US. ON ITEMS COVERED BY THE APPLICATION

OF THE "WORKING HYPOTHESIS" (TARIFF CUTTING FORMULA), THE US OFFER WOULD MAKE GREATER THAN FORMULA CUTS ON NEARLY \$1.4 MILLION OF PANAMA'S 1976 EXPORTS TO THE US, FORMULA REDUCTIONS ON NEARLY \$0.5 MILLION, AND LESS THAN FORMULA CUTS ON ONLY ABOUT \$75,000. THESE TARIFF REDUCTIONS INCLUDED OVER 100 PRODUCTS PANAMA HAD EXPORTED TO THE US IN 1976. WITH RESPECT TO AGRICULTURAL PRODUCTS, WHICH ARE NEGOTIATED ON A REQUEST-OFFER BASIS, THE US OFFER COVERED NEARLY \$5.3 MILLION OF PANAMANIAN EXPORTS TO THE US, WHILE ON AN ADDITIONAL \$2 MILLION NO OFFER HAD BEEN MADE BY THE US BECAUSE THE PRINCIPAL SUPPLIER HAD NOT MADE A REQUEST. (PANAMA WAS NOT, HOWEVER, A PRINCIPAL SUPPLIER OF ANY OF THESE PRODUCTS.) AMONG AGRICULTURAL PRODUCTS OF INTEREST TO PANAMA WERE THE FOLLOWING: TSUS 155.40, INEDIBLE MOLASSES, OF WHICH PANAMA EXPORTED \$2.4 MILLION DOLLARS TO THE US IN 1976 AND WHICH WAS INCLUDED IN THE US-MEXICAN TROPICAL PRODUCTS AGREEMENT, AND HENCE WILL HAVE THE TARIFF ELIMINATED WHEN THAT AGREEMENT IS IMPLEMENTED; TSUS 106.10, BEEF AND VEAL, FRESH, PANAMANIAN 1976 EXPORTS \$2.6 MILLION; AND TSUS 152.72, BANANA AND PLANTAIN PASTE AND PULP, WHICH PANAMA EXPORTED OVER \$200,000 IN 1976.

3. FYI AMEMBASSY PANAMA: FIGURES CITED ABOVE ARE BASED UPON THE US OFFER WHICH IS CLASSIFIED AS GATT "SECRET" AND, DUE TO SENSITIVITY OF THE OFFER, SHOULD NOT BE CITED LIMITED OFFICIAL USE

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IN CONVERSATIONS WITH PRESS AND PRIVATE SECTOR CONTACTS.
END FYI.

4. US MTN DEL NOTED THAT IN ORDER FOR THE US TO IMPLEMENT CONCESSIONS IN ITS' OFFERS, PRINCIPAL DC BENEFICIARIES WILL NEED TO MAKE RECIPROCAL CONCESSIONS, WHILE PRINCIPAL LDC BENEFICIARIES WILL NEED TO MAKE SOME CONTRIBUTIONS TO TRADE LIBERALIZATION, CONSISTENT WITH THEIR DEVELOPMENT, FINANCIAL AND TRADE NEEDS. US MTN DEL NOTED US HAD INDICATED CONTRIBUTIONS IT WOULD FIND OF VALUE FROM PANAMA ON NOVEMBER 1, 1977, ON AGRICULTURAL PRODUCTS AND NTM'S, AND HAD SUBMITTED ON DECEMBER 16 A PRELIMINARY INDICATIVE LIST OF NON-AGRICULTURAL ITEMS ON WHICH IMPROVED MARKET ACCESS WOULD BE OF INTEREST TO THE US. LATTER LIST WAS BEING FURTHER REFINED IN WASHINGTON AND WAS EXPECTED TO BE AVAILABLE IN THE NEAR FUTURE. US WAS OPEN IN THE NEGOTIATIONS ON SPECIFIC PANAMANIAN CONTRIBUTIONS, BUT US INDICATIONS OF ITS EXPORT INTERESTS DID PROVIDE A RANGE FOR POSSIBLE RESPONSES.

5. PANAMANIAN AMBASSADOR WELCOMED US PRESENTATION, NOTING THAT PANAMA'S PRINCIPAL PRESENT EXPORT INTERESTS TO THE

US WERE BANANAS, FRESH BEEF, AND SUGAR. HE HAD FORWARDED US OFFERS AS WELL AS INDICATIONS OF CONTRIBUTIONS TO PANAMA FOR STUDY, BUT HAD RECEIVED NO INSTRUCTIONS TO DATE. PANAMA HAD MADE NO REQUESTS OF ANY COUNTRIES IN THE MTN, AND US HAD BEEN ONLY DELEGATION TO REQUEST A CONSULTATION WITH PANAMA. HE WAS WITHOUT ASSISTANCE IN REPRESENTING ALL OF PANAMA'S INTEREST IN GENEVA, AND NOTED THAT PANAMA'S TRADE POLICY WAS CARRIED OUT BY THE MINISTRY OF COMMERCE, WHICH PRESUMABLY RECEIVED HIS REPORTS FROM THE FOREIGN MINISTRY. CONCERNING PARTICULAR US INDICATIONS OF INTEREST, HE UNDERTOOK TO ASCERTAIN PRESENT PANAMANIAN POLICY ON IMPORTS OF SOY PROTEIN PRODUCTS. PANAMA IS NOT CONSIDERING GATT MEMBERSHIP, ALTHOUGH IT HAD SENT AN OFFICIAL TO PARTICIPATE IN RECENT GATT TRAINING
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FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 7192

INFO AMEMBASSY PANAMA

LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 03965

USMTN

ACTION STR

STR PASS CODEL

COURSE.

6. COMMENT: GIVEN THE INACTION OF PANAMA IN MTN TO DATE, AND THAT PANAMA IS NOT THE PRINCIPAL SUPPLIER OF ANY PRODUCTS IN THE US OFFER, IT APPEARS UNLIKELY THAT THEY WILL PLAY A MORE ACTIVE ROLE DURING THE REMAINDER OF THE NEGOTIATIONS. WASHINGTON AGENCIES MAY WISH TO CONSIDER SENDING ADDITIONAL INFORMATION ON US INTERESTS IN VEGE-TABLE PROTEINS TO AMERICAN EMBASSY PANAMA FOR FOLLOW-UP WITH RELEVANT AUTHORITIES THERE.

7. DRAFTED BY KNEPPER. MCDONALD

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